

**TOWN OF DAVIE
SPECIAL MEETING
SEPTEMBER 25, 2006**

The meeting was called to order at 5:30 p.m. and was followed by the Pledge of Allegiance.

Present at the meeting were Mayor Truex, Vice-Mayor Crowley and Councilmembers Caletka, Paul [via phone, phone disconnected at 7:35 p.m.], and Starkey [via phone, phone disconnected at 7:35 p.m.]. Also present were Acting Town Administrator Cohen, Town Attorney Kiar, and Assistant Town Clerk McDaniel recording the meeting.

Councilmember Starkey noted that she and Councilmember Paul could not be present at the meeting because it had to be rescheduled due to an advertising error.

Mayor Truex stated that this year's budget process had been especially difficult, and felt he had made some mistakes in this process. The first was not defending staff when they had come under attack and had their integrity and competence questioned and apologized to staff for this. Mayor Truex personally vouched for the character, honesty and integrity of the Finance Director, the Fire Chief, the Police chief, the Director of Housing and Community Affairs, the Director of Developmental Services, the Town Clerk and the Acting Town Administrator.

Mayor Truex referred to his presentation, which displayed an example of a statement that was both false and misleading, that he had heard in connection with the budget process: Davie Town Council plans to raise taxes by 25%. Mayor Truex showed three different taxpayer scenarios and explained that Council had no control over the voter-approved debt levy, or the garbage contract. He stated that depending upon what items were included, such as the debt levy, garbage contract, and fire rate, the tax increase would vary widely.

Mayor Truex explained that municipalities' ad valorem tax dollars were available through the property appraiser's website. Davie's 2005 final operating was listed as \$30 million and their 2006 proposed operating was listed as \$38 million. This \$8 million difference represented a 25% increase. Mayor Truex pointed out that unincorporated areas seemed to show a drastic loss, which indicated that the chart was "comparing apples and oranges."

Mayor Truex explained that the Town's 2005 ad valorem figure ignored the areas annexed last year, new development and new construction, and inflation, and the 2006 figure included Pine Island Ridge and United Ranches. The Town would actually have an approximate 8% increase in population in the coming year. Operating costs for the newly annexed areas would approximately equal the population increase.

Mayor Truex reported that as of today, the ad valorem tax rate had decreased from 5.10 to 5.050. The debt levy might be an increase, but this was not directed by Council. The garbage fee had increased back to the same rate of a few years earlier. Mayor Truex explained that the 2006-2007 general fund budget was only 15% more than the 2005-2006 approved budget.

Mayor Truex said the rollback rate represented the typical rate. Using this rate, the 2006 ad valorem figure was \$33 million instead of \$38 million, representing a 14% increase instead of a 25% increase. Using the rollback rate of 5.050, the increase was only 12.96%.

Once all the factors were considered, Mayor Truex felt the proposed budget represented a "pretty good value for Davie taxpayers."

Mayor Truex stated someone had circulated a flyer claiming that Council was costing the taxpayers over \$1 million because their health insurance had been changed from an HMO to a PPO, which was not true. He reminded everyone that another insurance issue that had been brought up was to cut dependent care. Mayor Truex said he opposed this, and he felt employees would oppose it as well.

Mayor Truex advised that he had received a call from a reporter regarding an alleged \$500,000 spent over three years on educational benefits. He explained that the bulk of the education money was for

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on-going professional training of employees. Mayor Truex agreed that the policy for reimbursement needed to be “tightened up” and he did not agree with the interpretation of the policy as it had been applied to employees who had attended law school. He noted that this policy would soon change.

Regarding the issues raised about the Town’s bonds and delinquent reports, Mayor Truex stated that the Town had received the highest bond rating from the three rating services. He had discovered that the agencies were aware of the legal problems of the Town’s former administrator, and still remarked that the A rating reflects the Town’s sound financial position, characterized by ample liquidity and solid reserve levels, steady population and tax base that should support the maintenance of already low debt levels. The rating company noted Davie’s efforts to engage the consultants to perform the forensic audit, review the procurement practices, and identify fraud prevention methods.

Regarding the charity donations totaling \$203,000, Mayor Truex noted that none of this was taxpayer money as it was from the interest only of an endowment fund. Mayor Truex felt that “for the Town to spend \$283,000, when you hold that up against the millions we spend to benefit, to large extent, more affluent residents, I don’t think that’s inappropriate at all.”

There had also been considerable discussion of the use of the Town’s credit cards. Mayor Truex had researched this and had determined that they had an adequate system to account for credit card purchases. He said he had seen no evidence of abuse or fraud but the Town must improve the method of reporting the explanations of the charges when called upon.

Mayor Truex stated that reserves were a topic of discussion every year and questioned the goal of having a reserve of 25% of the budget. Budget and Finance Director Bill Underwood explained that the Government Finance Officer’s Association recommended that each municipality set their own comfort level. Given the threat of hurricanes, it was possible that the Town could “consume and revenues could be delayed for a period of 90 days.” This was how they had arrived at the 25% figure. Mayor Truex added that they needed the reserves to prepare for when the property values leveled off.

Mayor Truex said it had been alleged that the Town spent \$35,000 on the holiday party for employees last year, but it was actually \$21,000. Mayor Truex had originally agreed that the \$21,000 should be scaled back, but now wished to retract this, because he felt it was not unreasonable for the Town to spend \$20,000 for a party for 1,200 or so people. He added that employees did contribute to the cost of the party as well. Mayor Truex said he had “exactly zero” cause for concern for the Town’s budget process and overall, the Town was a pretty good place to live.

Vice-Mayor Crowley felt the Town should monitor spending better next year and reconsider the employee car policy. He agreed the education reimbursement policy should be revisited.

Councilmember Starkey agreed that many of their policies needed review. She also agreed that Council should continue to strive to rollback the ad valorem rate. She was in favor of either Option 1 or Option 2 that she had reviewed and indicated that she would like the charitable contributions limited to those organizations that availed themselves of matching funds.

Councilmember Paul stated her belief that timely quarterly reports were essential to allow Council to keep on top of spending and favored micromanaging the budget in years to come. She said some of the points raised by Lori Parrish had encouraged the Town to review their policies, which she agreed was needed.

Councilmember Caletka agreed with Councilmember Paul about the quarterly reports and thanked Ms. Parrish for the attention she had paid to the budget. He felt the education benefit should be a set amount per employee. Councilmember Caletka said he had been unable to verify how much was in the endowment fund, and questioned Mayor Truex’s figures. He noted that the Budget Advisory Committee had warned that the Town was spending too much on charitable contributions. Councilmember Caletka

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worried that some of their contributions might be unconstitutional and felt they should not be making any “questionable” donations to faith-based groups.

Mr. Cohen summarized the changes authorized by Council:

- ❖ Total cuts: \$1.868 million
- ❖ \$464,000 reallocated for additional police officers
- ❖ \$360,000 reallocated toward capital projects
- ❖ \$92,000 allocated toward budget reserves
- ❖ \$100,000 utilized to reduce fire assessment from 106 to 104 per home
- ❖ \$830,000 utilized to reduce the millage rate from 5.1 to 4.987

Mayor Truex opened the public hearing portion of the meeting.

Laurie Brasner, 3413 Dove Cote Meadow Lane, took issue with Mayor Truex’s contention that additional residents resulted in additional costs for the Town. She felt that revenues from additional residents often exceeded the costs of services received. Ms. Brasner said her association contributed over \$1 million per year to Davie in taxes. She listed other financial responsibilities shared by those in her homeowners association and the maintenance items paid for by the association, and said it was “incomprehensible” to listen to the budget discussions. Ms. Brasner stated that it was her job to scrutinize the expenditures for her homeowner’s association and felt Council should do the same for the Town.

Laura Benedetto, 3315 Meadowbrook felt the Town should reevaluate their insurance.

Sharon Kent, 2231 SW 92 Terrace, supported the EASE Foundation’s request for \$35,000 and noted that if salaries were paid for the services provided, they would far exceed the donation. She explained that churches donated additional funds and food supplies, and Linda Owen performed fund raising as well.

Charles Smith 9637 Sugar Pines Court, thanked Ms. Parrish for scrutinizing the Town’s budget and he was worried about what would happen in the coming years when property values declined. He stated that the Town’s debt service was the highest in Broward County and felt that a three to five year plan was necessary. Mr. Smith indicated that redevelopment was needed and was shocked to hear that Council even thought of breaking up the Economic Development Council.

Jim Harris, 11007 SW 27 Street, thought the Town should never reimburse for education at private institutions. He said the Town should not provide educational opportunities for employees to learn other occupations. Mr. Harris felt there should be a per semester and per year limit as well.

Linda Owens, EASE Foundation, reminded everyone that the charitable organizations to which the Town contributed provided services to the Town. She noted that there were many needy families in the community and anyone could find themselves in this position, through no fault of their own. She felt it was the responsibility of a municipality to help its citizens. Ms. Owens asked Council to continue to help these organizations to help the citizens of the community.

David Pitaka, 88 Southern Orchard Road South, was opposed to the redevelopment Mr. Smith favored. Mr. Pitaka felt the structure of the education reimbursement should be changed.

Lori Parrish said, “I don’t apologize. I stand behind every word I said.” Regarding the employee vehicle reimbursement, Ms. Parrish said that unless it was a public safety officer, the IRS required that they spend at least three dollars a day and they could not drive the car anywhere else. She added that all mileage had to be reported and the employees had to receive 1099 forms. Ms. Parrish stated that now that the Town was aware of it, employees would have to be back-taxed.

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Ms. Parrish asked if the insurance consultant was also the agent of record. Rachael Sapoznik, president of Sapoznik Insurance, said she did not receive any consulting fees from the Town and indicated that her fees came from the insurance company. Ms. Parrish asked why Ms. Sapoznik had not recommended the Town bid their health insurance since 2001. Ms. Sapoznik said the insurance had been changed in 2002 to avoid a 30% rate increase. They had changed to a self-insured program, which was tracked and monitored every month.

Ms. Sapoznik stated that there had been a shortfall in 2004, which they had funded to the point that they now had a reserve. She indicated that from a plan design standpoint, the Town was in line with others in the community. Ms. Sapoznik explained that her commission was approximately \$60,000 per year, which had not increased since the plan's inception, and there were never any additional fees.

Ms. Parrish questioned several individual items from credit cards statements. She thought the Town's accounting policies and procedures were weak, and the 25% reserve too high.

Mayor Truex took issue with Ms. Parrish's accusing staff of incompetence and malfeasance. He resented Ms. Parrish's statement that the Town was paying for rounds of golf when these were actually charity events the Town sponsored.

Councilmember Paul remarked that Ms. Parrish had made some good points, and they intended to move forward and make some changes in their policies.

Councilmember Starkey pointed out that there had been numerous opportunities for public input on the budget, and she resented that fact that "time and again, the politics have gone haywire over the attacks on the budget and staff and so many other things with half truths." She felt Council had worked very hard to reduce the budget.

Councilmember Paul took exception to some of the things Mayor Truex did, and felt that his presentation was "very political." She was glad they had been able to reduce the budget, and felt they must start the process sooner.

Beth Azore, Vice-President of HOPE Outreach, reminded everyone that if the funds they received to help residents were cut, the residents would not "go away." She advised that the Town would be forced to step in and provide the services currently provided by the non-profit organizations. Ms. Azore pointed out that their afterschool programs kept kids off the streets and noted that they were requesting only 1% of their total budget from the Town.

Geoff Cohen, SW 141 Terrace, felt the Town was poorly managed, with inadequate oversight. He mentioned expenditures discussed the previous meeting that he felt were inappropriate and questionable. Mr. G. Cohen listed several specific line items that fell into this category and thought that staff "and possibly others" were using Town credit cards for personal expenditures. He suggested that the Town reduce the number of credit cards issued and monitor their usage. Mr. G. Cohen felt policies should be modified to require more specificity concerning individual transactions, and policies should be enforced to hold individuals accountable for misuse and to punish abusers. He thought the Town must also stop "routinely and needlessly" hiring consultants, as he felt this was too expensive.

Tammy Fuller said that at the Council meeting she attended last week, she had been "shocked" and "appalled" by the lack of accountability.

David Oakes, 4001 SW 108 Terrace, felt the problems were "historical" and had existed for "several generations of councilmembers." He stated that the problems came down to not having the proper procedures in place, or not properly adhering to existing procedures. Mr. Oakes hoped Council would consider the issues that had been raised.

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- 1.1. **MILLAGE RATE - AN ORDINANCE OF THE TOWN OF DAVIE, FLORIDA,**
2006-24 ESTABLISHING THE MILLAGE RATE TO BE LEVIED FOR THE FISCAL YEAR
BEGINNING OCTOBER 1, 2006, AND ENDING SEPTEMBER 30, 2007. (recessed
from September 20, 2006) {Approved on First Reading September 6, 2006 - all voted in
favor}

Councilmember Caletka felt more cuts could be made, but 4.9879 was a good figure. He recommended they adopt this rate, and any additional savings realized by any subsequent cuts could go into reserves for next year.

Vice-Mayor Crowley thanked residents for attending and providing input. He agreed with Councilmember Paul's assertion that they received information later that he would like.

Councilmember Caletka made a motion, seconded by Mayor Truex, to adopt the 4.9879 millage rate. In a roll call vote, the vote was as follows: Mayor Truex - yes; Vice-Mayor Crowley - yes; Councilmember Caletka - yes; Councilmember Paul - absent; Councilmember Starkey - absent. (Motion carried 3-0)

- 1.2. **BUDGET - AN ORDINANCE OF THE TOWN OF DAVIE, FLORIDA, ADOPTING**
2006-25 THE BUDGET FOR THE TOWN OF DAVIE FOR THE FISCAL YEAR 2007. (recessed
from September 20, 2006) {Approved on First Reading September 6, 2006 - all voted in
favor}

Councilmember Caletka said he had reviewed the last three years of the Budget Advisory Committee minutes and realized that Council rarely took their advice. This year, the Committee had recommended reconsideration of charitable contributions and bidding on the Town's legal services. Regarding the charitable contributions, Councilmember Caletka disagreed with Mayor Truex "about where those come from and what they were intended to do." Councilmember Caletka agreed that there should be a limit on the amount of funds each employee was permitted for education reimbursement. He stated that he had a serious problem with the Office of Economic Development and was staunchly opposed to refunding that department. For this reason, Councilmember Caletka said he found it difficult to support the current budget.

Mayor Truex did not feel the Town needed in-house counsel, but believed the costs should be analyzed and the position rebid. Mayor Truex felt the Economic Development Department more than earned its keep.

Councilmember Caletka advised that he would not approve the budget, which meant that it could not be approved this evening. Vice-Mayor Crowley asked Mr. Kiar's advice. Mr. Kiar suggested they try to get Councilmember Paul and/or Councilmember Starkey back on the telephone.

Vice-Mayor Crowley advised that he intended to leave, so the quorum would be lost. He wanted to reschedule the meeting and indicated that another meeting be scheduled in a few days to meet State requirements. Council and Staff discussed whether re-advertisement was necessary; Mr. Underwood felt that a recess with a date and time specific for the next meeting would suffice if they were not able to get an advertisement in a newspaper of general circulation in time. Mr. Cohen reminded Council that a recess could last no more than 24 hours without re-advertising.

Mayor Truex, Councilmember Caletka and Vice-Mayor Crowley discussed the Economic Development issue. Mr. Cohen suggested that since they were planning to move that division to Development Services, all the "sundry items" could be eliminated and absorbed into Development Services.

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Mayor Truex suggested they recess the meeting to September 26th at 5:30 p.m. Mr. Kiar read the rule for a continuation: "The continued hearing cannot be held sooner than two days nor later than five days after the continuation notice is advertised in the newspaper."

Development Services Director Mark Kutney informed Councilmember Caletka that if the Office of Economic Development did not exist, he would take on those duties. Councilmember Caletka stated that this seemed fair to him. Mayor Truex felt the Town needed someone in charge of economic development. Vice-Mayor Crowley thought that one of the eight employees proposed for Development Services could be eliminated and the Economic Development employee transferred to that department.

Mr. Cohen said that the Town's economic development needs would be adequately addressed regardless of Council's decision. The needs would not be served by one specific employee, but shared by two or three. Mayor Truex wanted to be sure there was someone who would handle economic development functions.

Councilmember Caletka made a motion, seconded by Vice-Mayor Crowley, to adopt the budget as last proposed by staff, cutting one proposed employee from Development Services. In a roll call vote, the vote was as follows: Mayor Truex - yes; Vice-Mayor Crowley - yes; Councilmember Caletka - yes; Councilmember Paul - absent; Councilmember Starkey - absent. (Motion carried 3-0)

There being no further business to discuss and no objections, the meeting was adjourned at 8:18 p.m.

Approved _____

Mayor/Councilmember

Town Clerk